



Memorandum

California Public Employees' Retirement System

Date: November 30, 2005

From: Christy Wood
Senior Investment Officer, Global Equity

Subject: November 23, 2005 Meeting with Total – Sudan Activities
(The following summarizes remarks made by representatives of Total.)

Attendees - Total:

Robert Castaigne, Chief Financial Officer
Jean-Francois Lassalle, Vice President, Exploration and
Production
Jerome Schmitt, Vice President, Investor Relations
Eve Gautier-Roux, Investor Relations

Attendees - CalPERS:

Christy Wood, Senior Investment Officer, Global Equity

Introduction

Total conducted exploration activities in Sudan in 1983 and 1984. When civil war broke out they suspended all exploration in 1985. Presently, they have a 32.5% interest in Block B in the southern portion of Sudan but there is no activity or business being conducted there at this time. This area is very large (about the size of Greece) and is basically swamp land that has not been developed. When Total saw a peace agreement evolving in 2003 they took steps to prepare to return to exploration activities in Block B. Their partners are Marathon Oil (32.5%), Kufpec (25%) and Sudapet (10%) The Sudan National Oil Company. Total's rights to engage in exploration in Block B are currently disputed by a United Kingdom company White Nile which recently announced it had been awarded a license on the same area. None of Total's current revenues come from Sudan.

Current Plans

Total says that the United Nations is currently "de-mining" the access roads to Block B and that by March 2006 they plan to resume seismic exploration. Drilling in Block B would potentially begin in 2007. They have one office in Khartoum with one representative. They are currently also trying to rehabilitate the base camp in Bor that

has been dormant for 20 years. Any activities would include local people and would be preceded by experts and physicians to assess local impact.

Total's view of their planned activities in Sudan

Total prides itself in its ethics and sustainable development practices. They cite two organizations that support their planned activities. One is "ECOS, "the" European Coalition on Oil in Sudan" which is a European group of non governmental organizations (NGO's) and "CDA" which is the "Collaborative for Development Action" a conflict resolution entity which supports ethical development of underdeveloped nations. Staff's calls to these entities were not successful.

Total states that they will not have revenues attributable to Sudan for 6 years.

Total justifies their planned activity in Sudan in making the following points:

- 1) The United Nations is currently 'de-mining' the roads in Block B to provide for exploration and eventual production – they say everyone is working closely with the U.N.
- 2) Total has a long history of ethical and sustainable development of underdeveloped nations.
- 3) No production would be carried out without an impact study.
- 4) They have a positive history of not pulling out of South Africa in the 80's and were glad in the 90's they stayed. They believe they were a positive force throughout this period.
- 5) Any revenues from the Block B eventual production that go to the Sudan government (via Sudapet) would be subject to the "EITI" or "Extractive Industry Transparency Initiative" which controls where the revenues are directed. This would ensure they not be misdirected or misused.
- 6) Total doesn't operate in the Darfur region where the atrocities are predominantly occurring.